

Message Text

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17-12

ACTION SS-20

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 STR-08

CEA-02 DRC-01 SCI-06 INT-08 SCEM-02 FPC-01 L-03 /149 W

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R 130755Z NOV 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9556

INFO AEMBASSY TOKYO 2181

C O N F I D E N T I A L JAKARTA 13330

FOR SECRETARY KISSINGER, ASST SECRETARY

DESIGNATE INGERSOLL

AND AMB GALBRAITH

EO 11652: GDS

TAGS: ENRG ID JA

SUBJ: INDONESIAN LNG SUPPLIES TO JAPAN AND US

1. DURING MY TALK WITH PRESIDENT SUHARTO NOVEMBER 12,

HE ASKED ME TO MENTION TO SECRETARY KISSINGER THE QUESTION
OF FINANCING INDONESIAN LNG DEVELOPMENT. JAPAN,

SUHARTO SAID, HAD AGREED TO SUPPLY A \$200 MILLION "SOFT"
LOAN, OUTSIDE IGGI AID BUT ON IGGI TERMS, TO BE USED TO
DEVELOP THE LIQUIFICATION PLANT AND OTHER FACILITIES FOR
MARKETING LNG IN JAPAN UNDER A JOINT ENDEAVOR IN WHICH
PECSAMINA WOULD PARTICIPATE. TANKERS REQUIRED TO HAUL

LNG TO JAPAN WOULD BE PROVIDED BY A THIRD PARTY. SUHARTO
SAID AS PRESENTLY CONCEIVED JAPAN WOULD GET ABOUT TWICE
AS MUCH LNG AS THE US. HE FELT THE US WOULD BE ABLE
TO USE MORE GAS, AND MORE WOULD BE COMING AVAILABLE IN
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IRIAN JAYA. HE HOPED THE US WOULD ALSO CONSIDER PRO-

VIDING CAPITAL IN THE PATTERN IN WHICH THE JAPANESE WERE PROVIDING IT SO THAT THERE COULD BE ABALANCE IN THE SUPPLIES OF LNG TO JAPAN AND THE US.

2. I POINTED OUT THAT THE US EXIMBANK HAD GIVEN PRELIMINARY APPROVAL FOR A LOAN TO COVER THE LIQUIFICATION AND OTHER MACHINERY FOR PROCESSING THE LNG GOING TO THE CALIFORNIA UTILITY COMPANY, PACIFIC LIGHTING. I SAID WE HAD NOT, THUS FAR, INTRODUCED INTO OUR CONSIDERATIONS FOR AIDING INDONESIAN DEVELOPMENT AN ARRANGMENT FOR USG CREDIT IN RETURN FOR ACQUIRING ENERGY RESOURCES. SUHARTO HASTENED TO ASSURE ME THAT HE WAS NOT SUGGESTING THAT WE DO SO. HE SAID THERE SHOULD BE NO CHANGE IN THE FORMULAE UNDER WHICH THE US SUPPLIED ONE-THIRD OF IGGI ASSISTANCE. BUT OVER AND ABOVE OUR AID UNDER IGGI, HE SAID, WE SHOULD ASSURE THE ACQUISITION OF MUCH-NEEDED ENERGY SUPPLIES THROUGH "SOFT LOANS" FOR THE CAPITAL REQUIRED TO DEVELOP THESE SUPPLIES. I PROMISED TO CONVEY SUHARTO'S THOUGHTS ON THIS SUBJECT TO THE SECRETARY.

3. COMMENT: I HAVE BEEN EXPECTING THIS. I HOPE WE CAN ADJUST QUICKLY TO WHAT I ASSUME ARE RAPIDLY CHANGING EQUATIONS IN ENERGY FIELD. PLEASE ADVISE.
GALBRAITH

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NNN

Message Attributes

Automatic Decaptioning: X
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